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Senate Engrossed House Bill

State of Arizona  
House of Representatives  
Forty-sixth Legislature  
Second Regular Session  
2004

# HOUSE BILL 2270

AN ACT

AMENDING SECTIONS 20-103 AND 20-331, ARIZONA REVISED STATUTES; RELATING TO THE TRANSACTION OF INSURANCE BUSINESS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-103, Arizona Revised Statutes, is amended to  
3 read:

4 20-103. Definition of insurance; exceptions

5 A. For the purposes of this title, except as otherwise provided,  
6 "insurance" is a contract by which one undertakes to indemnify another or to  
7 pay a specified amount upon determinable contingencies.

8 B. Private ambulance service contracts or private fire protection  
9 service contracts are not insurance, and this title does not apply to those  
10 contracts.

11 C. Charitable gift annuities that are issued pursuant to section  
12 20-119 are not insurance and, except as provided in section 20-119, this  
13 title does not apply to agreements for those annuities.

14 D. COLLISION DAMAGE WAIVERS ARE NOT INSURANCE, AND THIS TITLE DOES NOT  
15 APPLY TO THOSE WAIVERS.

16 Sec. 2. Section 20-331, Arizona Revised Statutes, is amended to read:

17 20-331. Rental car agents; definitions

18 A. The director may issue to a rental company that has complied with  
19 the requirements of this section a license that authorizes the rental company  
20 as a rental car agent to offer or sell insurance in connection with and  
21 incidental to rental agreements. Notwithstanding section 20-290, subsection  
22 B, a rental car agent is not required to have an individual licensee in each  
23 office or other rental site or place where insurance is transacted.

24 B. An applicant for a rental car agent license shall file with the  
25 director a written application that is in a form prescribed by the director  
26 and that is signed by an officer of the applicant. The application shall  
27 specify all locations at which the licensee may conduct business under the  
28 license. The licensee shall provide the director at least thirty days' prior  
29 notice before conducting business under the license at any additional  
30 location.

31 C. A rental car agent may offer or sell insurance at the rental  
32 company office or other rental site or process a preselection of coverage in  
33 a master, corporate, group or individual rental agreement for any of the  
34 following kinds or types of insurance, separately or in combination:

35 1. Accident and health or sickness insurance that provides coverage,  
36 as applicable, to renters and other rental vehicle occupants for accidental  
37 death or dismemberment and reimbursement for medical expenses that result  
38 from an accident that occurs during the rental period.

39 2. Liability insurance that provides coverage, as applicable, to  
40 renters and other authorized drivers of rental vehicles for liability that  
41 arises from the operation of the rental vehicles, including uninsured and  
42 underinsured motorist coverage separately or in combination with other  
43 liability insurance.

1           3. Personal property insurance that provides coverage, as applicable,  
2 to renters and other vehicle occupants for the loss of or damage to personal  
3 effects that occurs during the rental period.

4           4. Vehicle breakdown coverage.

5           5. Physical damage insurance that provides coverage to renters and  
6 other authorized drivers of rental vehicles for property damage liability  
7 that arises from the operation of the vehicle.

8           D. THE INSURANCE OFFERED OR SOLD BY A RENTAL CAR AGENT PURSUANT TO  
9 SUBSECTION C OF THIS SECTION SHALL NOT INCLUDE THE RENTAL COMPANY'S AGREEMENT  
10 TO WAIVE ITS RIGHT OF INDEMNITY AGAINST A RENTER FOR DAMAGES TO THE RENTAL  
11 VEHICLE.

12           ~~D.~~ E. A rental car agent shall not offer or sell insurance pursuant  
13 to this section unless:

14           1. The rental period of the rental agreement is ninety consecutive  
15 days or less.

16           2. The rental car agent provides brochures or other written materials  
17 to the prospective renter that:

18           (a) Summarize the material terms and conditions of coverage offered to  
19 renters, including the identity of the insurer.

20           (b) Describe the process for filing a claim.

21           3. The rental car agent makes the following disclosures to the renter  
22 and the renter acknowledges the disclosures in writing:

23           (a) That the insurance policies offered by the rental car agent may  
24 provide a duplication of coverage already provided by a renter's personal  
25 automobile insurance policy or by another source of coverage.

26           (b) That the purchase by the renter of the kinds of insurance  
27 prescribed in this section is not required in order to rent a vehicle.

28           4. Evidence of coverage is stated on the face of the rental agreement.

29           5. Costs for the insurance are separately itemized in the rental  
30 agreement.

31           6. The insurance is provided under a group or master policy issued to  
32 the rental company by an insurer authorized to transact the applicable kinds  
33 or types of insurance in this state or by a surplus lines insurer in  
34 accordance with article 5 of this chapter.

35           ~~E.~~ F. Any salaried employee of a rental car agent may act on behalf  
36 and under the supervision of the rental car agent in matters relating to the  
37 conduct of business under the license issued pursuant to this section. The  
38 conduct of an employee or agent of a rental car agent acting within the scope  
39 of employment or agency is deemed the conduct of the rental car agent for  
40 purposes of this article.

41           ~~F.~~ G. Each rental car agent licensed pursuant to this section shall  
42 conduct a training program that provides employees and agents of the rental  
43 company with basic instruction about the provisions of this section,  
44 including the kinds of coverage prescribed in this section.

45           ~~G.~~ H. A rental car agent shall not:

1           1. Offer or sell insurance except in conjunction with and incidental  
2 to rental agreements.

3           2. Advertise, represent or otherwise portray itself or any of its  
4 employees or agents as licensed insurers or insurance producers.

5           3. Pay any person any compensation, fee or commission dependent on the  
6 placement of insurance under the license issued pursuant to this section.

7           ~~H.~~ I. Nothing in this section prohibits production payments or  
8 incentive payments to an employee if the payments are not dependent on the  
9 sale of insurance.

10          ~~I.~~ J. To the extent not inconsistent with this article, sections  
11 20-281 and 20-289, section 20-290, subsection A and sections 20-291, 20-292,  
12 20-295, 20-296, 20-297, 20-298, 20-299, 20-301 and 20-302 apply to rental car  
13 agents.

14          ~~J.~~ K. For the purposes of this section:

15           1. "Rental agreement" means any written agreement that states the  
16 terms and conditions that govern the use of a vehicle provided by the rental  
17 company for rent or lease for a rental period of ninety days or less.

18           2. "Rental car agent" means a rental company that is licensed pursuant  
19 to this section.

20           3. "Rental company" means any firm or corporation in the business of  
21 renting vehicles to renters under a rental agreement.

22           4. "Rental period" means the term of the rental agreement.

23           5. "Rental vehicle" or "vehicle" means a motor vehicle operated by a  
24 driver who is not required to possess a commercial driver license to operate  
25 the motor vehicle and the motor vehicle is either:

26           (a) A private passenger motor vehicle, including a passenger van,  
27 minivan or sport utility vehicle.

28           (b) A cargo vehicle, including a cargo van, pickup truck and truck  
29 with a gross vehicle weight of less than twenty-six thousand pounds.

30           6. "Renter" means any person who obtains the use of a vehicle from a  
31 rental company under the terms of a rental agreement.